



Publisher of Consumer Reports

Marlene H. Dortch, Secretary
Federal Communications Commission, Office of the Secretary
445 12th Street, SW
Washington, DC 20554

October 9, 2002

Re: Notice of *Ex Parte* presentation in Docket No. 01-348

Dear Ms. Dortch:

Pursuant to Section 1.1206(b)(2) of the Commission's rules, this letter describes a meeting held on Oct. 8, 2002, between Gene Kimmelman (Senior Director for Advocacy and Public Policy, Consumers Union, or CU), Chris Murray (Internet & Telecommunications Counsel, CU), and Susan Eid, Legal Advisor to Chairman Powell, in an FCC conference room.

CU urged the Commission to consider the new proposals offered by Echostar and DirecTV, especially the possibility of a structural remedy such as divestiture of satellite capacity to a competitor such as Cablevision, as significant remedies to the potential anticompetitive effects of the merger.

We also offered a verbal summary of the attached data (prepared by Echostar's economists) to underscore the point that in the markets where Echostar is offering local into local service, there appears to be a significant cable price disciplining effect¹ that does not emerge in markets where satellite companies do not offer local channels.

This merger—with strong conditions—offers the possibility that consumers could see market forces that keep cable rate increases in check, rates that have increased 45% since the cable industry was deregulated in 1996.

Respectfully,

A handwritten signature in black ink, appearing to read "Chris Murray".

Chris Murray
Internet & Telecommunications Counsel
Consumers Union

¹ Specifically, according to Warren Communications data, the average expanded basic fee (weighted by the number of cable subscribers) in areas without local service increased by \$2.71 per month between January 2000 and January 2002. In areas where local service was introduced, expanded basic cable prices increased only \$0.61 per month. (Note: These numbers are not adjusted for inflation.)

In percentage terms, cable prices rose by 11.3% between January 2000 and January 2002 in areas without local service and 2.3% in areas with local service. (See attached.)